

**JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION**

Jefferson Parish, Louisiana  
Financial Statements and Schedules

December 31, 2004

With Independent Auditors' Report Thereon

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 7-6-05

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### Independent Auditors' Report

The Board of Commissioners  
Jefferson Parish Economic Development Commission  
Metairie, Louisiana

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Jefferson Parish Economic Development Commission ("JEDCO"), a component unit of Jefferson Parish, Louisiana, as of and for the year ended December 31, 2004, which collectively comprise JEDCO's basic financial statements as listed in the table of contents. These financial statements are the responsibility of JEDCO's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of JEDCO as of December 31, 2004, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 16, 2005 on our consideration of JEDCO's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audits.

The Management's Discussion and Analysis and budgetary comparison information on pages 3 through 10 and pages 33 through 35, respectively, are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise JEDCO's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for

purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of State, Local Governments and Non-Profit Organizations, and is also not a required part of the basic financial statements of JEDCO. The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and in our opinion are fairly stated in all material respects in relation to the basic financial statements taken a whole.

*Boothwhite & Pettenville*

Metairie, Louisiana

March 16, 2005

## **FINANCIAL SECTION**

**REQUIRED SUPPLEMENTARY INFORMATION**

**PART I**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

# JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2004

The Management's Discussion and Analysis (MD&A) of the Jefferson Parish Economic Development Commission's (JEDCO) financial performance provides an overall review and an objective, easily readable analysis of JEDCO's financial activities for the year ended December 31, 2004. The intent of MD&A is to review JEDCO's overall financial performance and to assist readers in assessing the financial position. Therefore, readers should read MD&A in conjunction with JEDCO's financial statements and the notes to the financial statements.

## FINANCIAL HIGHLIGHTS

- The assets of JEDCO exceeded its liabilities at the end of December 31, 2004 by \$2,655,323 (*net assets*). Of this amount, \$852,423 (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors.
- JEDCO's total net assets increased by \$289,493. Most of this increase is attributable to collections of promises to give the Jefferson Edge program.
- JEDCO's total liabilities decreased by \$473,226 (42 percent) during the current year. The key factor in this decrease was a decrease in deferred revenue.
- At the end of the current year, unreserved fund balance for the general fund was \$501,736 or 37 percent of total general fund expenditures.

## OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to JEDCO's basic financial statements. JEDCO's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements.** The *government-wide financial statements* are designed to provide readers with a broad overview of JEDCO's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of JEDCO's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of JEDCO is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected revenues and compensated absences payable).

Both of the government-wide financial statements distinguish functions of JEDCO that are principally



**JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**December 31, 2004**

supported by intergovernmental revenues and charges for services. The governmental activities of JEDCO include Enterprise Center East, Enterprise Center West, Financing the Future program, Port and Transportation program, Economic Development program, Marketing program, Jefferson Edge program, Workforce Investment Board program, and the Bayou Segnette project

The government-wide financial statements can be found on pages 11 to 12 of this report.

**Fund financial statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. JEDCO, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of JEDCO can be divided into two categories: governmental funds and fiduciary funds.

**Governmental funds.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

JEDCO maintains six individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, JEDCO West Proceeds fund, Jefferson Edge fund, and EDA Revolving Loan fund, all of which are considered to be major funds. Data from the other two governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

JEDCO adopts an annual appropriated budget for its general fund and all special revenues funds with the exception of the EDA Revolving Loan fund. A budget was not prepared for this fund and is explained in Note 2 on page 22. Budgetary comparison statements have been provided for all major funds in the required supplementary information and for nonmajor funds in the other supplemental information section.

The basic governmental financial statements can be found on pages 13 to 16.

**JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**December 31, 2004**

**Fiduciary Funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support JEDCO's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on page 18 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 19 to 31 of this report.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* in the form of budgetary comparison statements for each major fund. This information was discussed earlier in the governmental fund section.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 37 to 40 of this report.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of JEDCO, assets exceeded liabilities by \$2,655,323 at December 31, 2004.

**JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**December 31, 2004**

**JEDCO's Net Assets**

	<u>2004</u>	<u>2003</u>
Current and other asset	\$ 3,233,180	\$ 3,420,241
Capital assets	63,644	85,226
Total assets	<u>\$ 3,296,824</u>	<u>\$ 3,505,467</u>
Long-term liabilities outstanding	\$ 581,275	\$ 1,808,944
Other liabilities	60,222	33,779
Total liabilities	<u>\$ 641,497</u>	<u>\$ 1,114,723</u>
Net Assets:		
Invested in capital assets	\$ 63,644	\$ 85,266
Unrestricted	852,423	694,415
Restricted:		
Economic development	821,705	847,549
Bayou Segnette project	19,366	16,941
Jefferson Edge	898,185	746,573
Total Net Assets	<u>\$ 2,655,323</u>	<u>\$ 2,390,744</u>

The amount "Invested in capital assets" represents JEDCO's net book value of its fixed assets (2 percent). It is the accumulation of years of investments in fixed assets. These assets are not available for spending. The restricted portion of net assets (66 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* (\$852,423) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current period, JEDCO is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental activities. The same situation held true for the prior year.

The government's net assets increased by \$289,493 during the current year. Some of this increase represents the degree to which increases in ongoing revenues have outstripped similar increases in ongoing expenses. However, most of the increase related to an increase in donations collected for the Jefferson Edge program. Other explanations are increases in charges for services.

**Governmental activities.** Governmental activities increased JEDCO's net assets by \$289,493. Key elements of this increase are as follows:

**JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**December 31, 2004**

	<u>2004</u>	<u>2003</u>
Revenues:		
Program revenues:		
Charges for services	\$ 298,062	\$ 142,526
Capital grants and contributions	34,786	40,866
General revenues:		
Share of Jefferson Parish		
Occupational licenses	1,374,817	1,349,428
State funds	99,250	100,000
Rent and telephone	69,637	93,251
Interest and investment earnings	43,888	57,922
Miscellaneous	7,129	26,446
Restricted donations	338,700	320,100
Total revenues	<u>\$ 2,266,269</u>	<u>\$ 2,130,539</u>
Expenses:		
Enterprise Center East	\$ 119,698	\$ 134,874
Enterprise Center West	130,769	144,348
Jefferson Edge	368,061	264,341
Workforce Investment Board	159,870	74,950
Bayou Segnette Project	36,286	20,000
Financing the Future	238,389	232,912
Port/Transportation	53,054	55,440
Economic Development	232,041	227,009
Marketing	145,102	133,192
Administrative	493,506	514,033
Total expenses	<u>\$ 1,976,776</u>	<u>\$ 1,801,099</u>
Increase in net assets	289,493	329,440
Net assets-beginning	2,365,830	2,036,390
Net assets-ending	<u>\$ 2,655,323</u>	<u>\$ 2,365,830</u>

The largest single revenue source of JEDCO continues to be JEDCO's share of occupational licenses from Jefferson Parish. The occupational licenses have increased from the prior year by the consumer price index.

The charges for services increased for both the Workforce Investment Board (\$103,037 increase) and Financing the Future (\$52,499 increase).

State funds received were \$99,250 for the Jefferson EDGE Project and \$34,786 for the Bayou Segnette Project.

**JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**December 31, 2004**

Interest and investment earnings have declined from the prior year due to lower interest rates.

Restricted donations increased over last year due to increased collections of promises to give to the Jefferson Edge program.

Expenditures have remained relatively consistent with the prior year with the exception of expenditures in the Jefferson Edge program and the Workforce Investment Board.

**FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS**

As noted earlier, JEDCO uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds.** The focus of JEDCO's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing JEDCO's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current year, JEDCO's governmental funds reported combined fund balances of \$2,632,754, an increase of \$312,256 in comparison with the prior year. Of this balance \$2,500,899 is considered to be unreserved.

The general fund is the chief operating fund of JEDCO. At the end of the current year, unreserved fund balance of the general fund was \$501,736. As a measure of the general fund's liquidity, it may be useful to compare unreserved fund balance to total fund expenditures. Unreserved fund balance represents 38 percent of total general fund expenditures.

The fund balance of JEDCO's general fund increased by \$163,579 during the current year. Key factors in this increase are as follows:

- Increased charges for Financing the Future without offsetting increases in direct expenses and decreasing expenditures approximately \$50,000.

The Jefferson Edge fund has a total fund balance of \$898,185, of which \$790,830 is unreserved for use in the Jefferson Edge project. The net increase in the fund balance during the current year was \$151,612. The key factor in this increase was an increase in collections of donations to the program.

The JEDCO West Proceeds fund has a total fund balance of \$369,961, all of which is unreserved. This fund was created in 2003 by a transfer from general fund of sales proceeds from a building sold in 2002. The fund has been earmarked by its Board of Commissioners for future construction of JEDCO's administrative offices/ technology incubator in the planned Churchill Technology and Business Park.

**JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**December 31, 2004**

The EDA Revolving Loan fund has a total fund balance of \$863,744, all of which is unreserved for use in economic development. The net increase in the fund balance during the current year was \$16,195.

**General Fund Budgetary Highlights**

JEDCO's budget is prepared according to Louisiana law. During the course of the year, JEDCO revises its budget to take into consideration significant changes in revenue or expenditures. Louisiana Revised Statute 39:1311 requires a budget amendment if either expected revenues are less or anticipated expenditures are in excess of budgetary goals by five percent (5%) or more. A statement showing JEDCO's original and final budget compared with actual operating results is provided in this annual report. The General Fund's actual revenues were under projected revenues by \$117,213 and expenditure were under final projections by \$313,274.

A comparison of actual results as of December 31, 2004 and the original budget for the General Fund are as follows:

	<u>Original Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Difference</u>
Total Revenues	\$1,559,478	\$1,517,805	\$ (41,673)
Total Expenditures	<u>1,583,500</u>	<u>1,354,226</u>	<u>229,274</u>
Net Change in Fund Balance	<u>\$ (24,022)</u>	<u>\$ 163,579</u>	<u>\$ 187,601</u>

Differences between the original budget and the final amended budget for expenditures were relatively minor, except for a \$75,000 increase in revenues and related expenditures for a UNO project.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

*Capital Assets*

At December 31, 2004, JEDCO had approximately \$64 thousand invested in capital assets. This amount is net of accumulated depreciation to date. The net book value of capital assets at December 31, 2004 is as follows:

Office furniture	\$	61,450
Leasehold improvements		<u>2,194</u>
Total	\$	<u>63,644</u>

Depreciation for the year ended December 31, 2004 was \$21,581. Additional information on JEDCO's capital assets can be found in Note 7 on page 26.

**JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**December 31, 2004**

JEDCO's long-term obligations at December 31, 2004 are comprised of:

Compensated absences payable	\$	41,075
Escrow deposits		10,000
Total	\$	<u>81,275</u>

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

JEDCO anticipates an increase in its share of occupational licenses received from Jefferson Parish for 2005 due to an increase in the Consumer Price Index.

JEDCO expects in 2005 to have a new \$200,000 program entitled ForeKids.

JEDCO expects Enterprise Center revenues and expenses to decline in 2005 with a closing of Enterprise Center East effective September 1, 2005.

Several factors will influence whether or not JEDCO will experience an increase or decrease of revenues (i.e. occupancy of the Enterprise Centers and investment tools).

JEDCO also anticipates increases of 3% for salaries and 15% for insurance.

Revenues and expenses allocated for the Jefferson Edge Project are project oriented and are reflected as such. The contract for the Jefferson Edge with the State of Louisiana was reduced in 2005 to \$50,000 from \$99,250 in 2004. Revenue and expenses allocated for the Workforce Investment Board Project are based on reimbursement of expenses. Monthly reports and documentation continue to be submitted to the Jefferson Parish Workforce Investment Board. The contract with the Jefferson Parish Workforce Investment Board was extended to June 30, 2005.

Revenues and expenses allocated for the Bayou Segnette Project are project oriented. A Cooperative Endeavor Agreement with the State of Louisiana is the funding source for this project.

**CONTACTING JEDCO'S FINANCIAL MANAGEMENT**

This financial report is designed to provide taxpayers, customers, and creditors with a general overview of JEDCO's finances and to show JEDCO's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact JEDCO at 3445 North Causeway Boulevard, Suite 300, Metairie, LA 70002 or call (504) 833-1881 during regular office hours.

## **BASIC FINANCIAL STATEMENTS**



**JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION**  
**STATEMENT OF NET ASSETS**  
**December 31, 2004**

**ASSETS**

Cash and cash equivalents	\$ 1,869,281
Investments	356,977
Receivables:	
Accounts	2,296
Notes	428,992
Due from other governments	30,614
Prepaid expenses	14,820
Promises to give - Jefferson Edge	530,200
Capital assets - net	<u>63,644</u>
<b>TOTAL ASSETS</b>	<b>\$ 3,296,824</b>

**LIABILITIES**

Accounts payable	60,222
Compensated absences payable	41,075
Escrow deposits	10,000
Deferred revenue - Jefferson Edge	<u>530,200</u>
<b>TOTAL LIABILITIES</b>	<b>\$ 641,497</b>

**NET ASSETS**

Invested in capital assets	63,644
Unrestricted	852,423
Restricted for:	
EDA Revolving Loan Fund	821,705
Bayou Segnette Project	19,366
Jefferson Edge	<u>898,185</u>
<b>TOTAL NET ASSETS</b>	<b>\$ 2,655,323</b>

The notes to the basic financial statements are an integral part of this statement.

**JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION**  
**STATEMENT OF ACTIVITIES**  
For the Year Ended December 31, 2004

	Program Revenues				Net (Expense)
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Assets
<b>FUNCTIONS/PROGRAMS</b>					
Governmental activities:					
Enterprise Center East	\$ 119,698	\$ -	\$ -	\$ -	\$ (119,698)
Enterprise Center West	130,769	-	-	-	(130,769)
Jefferson Edge	368,061	-	338,700	-	(29,361)
Workforce Investment Board	159,870	157,171	-	-	(2,699)
Bayou Segnette	36,286	-	-	34,786	(1,500)
Financing the Future	238,389	139,391	-	-	(98,998)
Port/Transportation	53,054	-	-	-	(53,054)
Economic Development Services	232,041	1,500	-	-	(230,541)
Marketing	145,102	-	99,250	-	(45,852)
Administrative	493,507	-	-	-	(493,507)
Total Governmental Activities	<u>\$ 1,976,777</u>	<u>\$ 298,062</u>	<u>\$ 437,950</u>	<u>\$ 34,786</u>	<u>\$ (1,205,979)</u>
General revenues:					
Share of Jefferson Parish occupational licenses					\$ 1,374,817
Rents and telephone					69,637
Interest and investment earnings					43,888
Miscellaneous					7,129
Total general revenues					<u>\$ 1,495,472</u>
Increase in net assets					289,493
Net assets - January 1, 2004					<u>2,365,830</u>
Net assets - December 31, 2004					<u>\$ 2,655,323</u>

The notes to the basic financial statements are an integral part of this statement.

**JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**December 31, 2004**

	General Fund	Jefferson Edge Fund	EDA Revolving Loan Fund	JEDCO West Proceeds Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>						
Cash and cash equivalents	\$ 165,192	\$ 925,415	\$ 408,713	\$ 369,961	\$ -	\$ 1,869,281
Investments	356,977	-	-	-	-	356,977
Receivables:						
Accounts	2,297	-	-	-	-	2,297
Notes	-	-	428,992	-	-	428,992
Due from other funds	27,387	-	-	-	41,213	68,600
Due from other governments	21,848	-	-	-	8,761	30,609
Prepaid expenses	14,820	-	-	-	-	14,820
Promises to give (Jefferson Edge)	-	530,200	-	-	-	530,200
<b>TOTAL ASSETS</b>	<b>\$ 588,522</b>	<b>\$ 1,455,615</b>	<b>\$ 837,705</b>	<b>\$ 369,961</b>	<b>\$ 49,974</b>	<b>\$ 3,301,776</b>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>Liabilities:</b>						
Accounts payable	11,072	27,230	-	-	21,920	60,221
Due to other funds	41,213	-	18,000	-	11,387	68,600
Escrow deposits	10,000	-	-	-	-	10,000
Deferred revenue (Jefferson Edge)	-	530,200	-	-	-	530,200
<b>Total liabilities</b>	<b>\$ 62,285</b>	<b>\$ 557,430</b>	<b>\$ 18,000</b>	<b>\$ -</b>	<b>\$ 33,307</b>	<b>\$ 669,022</b>
<b>Fund Balances:</b>						
Reserved for:						
Encumbrances	24,500	107,355	-	-	-	131,855
Unreserved, reported in:						
General fund	501,736	790,830	821,705	369,961	(2,699)	501,736
Special revenue funds	-	-	-	-	19,366	19,366
Capital projects funds	-	-	-	-	-	-
<b>Total fund balances</b>	<b>\$ 526,236</b>	<b>\$ 898,185</b>	<b>\$ 821,705</b>	<b>\$ 369,961</b>	<b>\$ 16,667</b>	<b>\$ 2,632,754</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 588,521</b>	<b>\$ 1,455,615</b>	<b>\$ 837,705</b>	<b>\$ 369,961</b>	<b>\$ 49,974</b>	<b>\$ 3,301,776</b>

The notes to the basic financial statements are an integral part of this statement.

**JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION  
RECONCILIATION OF THE GOVERNMENTAL FUNDS  
BALANCE SHEET TO THE STATEMENT OF NET ASSETS  
December 31, 2004**

Total fund balances at December 31, 2004 - Governmental Funds		\$ 2,632,754
Cost of capital assets at December 31, 2004	\$ 275,249	
Less- accumulated depreciation as of December 31, 2004:		
Office furniture	(203,659)	
Leasehold improvements	<u>(7,946)</u>	63,644
Elimination of interfund assets and liabilities:		
Due from other funds	68,600	
Due to other funds	<u>(68,600)</u>	-
Long-term liabilities at December 31, 2004:		
Compensated absences payable		<u>(41,075)</u>
Net assets of governmental activities at December 31, 2004		<u><u>\$ 2,655,323</u></u>

The notes to the basic financial statements are an integral part of this statement.

**JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**December 31, 2004**

<b>REVENUES</b>		<b>General Fund</b>	<b>Jefferson Edge Fund</b>	<b>EDA Revolving Loan Fund</b>	<b>JEDCO West Proceeds Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
Intergovernmental:							
Share of Jefferson Parish occupational licenses		\$ 1,294,817	\$ 80,000	\$ -	\$ -	\$ -	\$ 1,374,817
State Funds		-	99,250	-	-	34,786	134,036
Other Parish Funds		-	-	-	-	-	-
Charges for services		139,391	-	1,500	-	157,171	298,062
Enterprise Centers:							
Rents and telephone		69,637	-	-	-	-	69,637
Interest		6,831	1,723	33,140	2,194	-	43,888
Miscellaneous		7,129	-	-	-	-	7,129
Donations		-	338,700	-	-	-	338,700
Total revenues		<u>\$ 1,517,805</u>	<u>\$ 519,673</u>	<u>\$ 34,640</u>	<u>\$ 2,194</u>	<u>\$ 191,957</u>	<u>\$ 2,266,269</u>
<b>EXPENDITURES</b>							
Current:							
Enterprise Center East		119,052	-	-	-	-	119,052
Enterprise Center West		127,799	-	-	-	-	127,799
Jefferson Edge		-	368,061	-	-	-	368,061
Workforce Investment Board		-	-	-	-	159,870	159,870
Bayou Segnette		-	-	-	-	36,286	36,286
Financing the Future		238,389	-	-	-	-	238,389
Port/Transportation		53,054	-	-	-	-	53,054
Economic Development Services		232,041	-	-	-	-	232,041
Marketing		145,102	-	-	-	-	145,102
Administrative		438,789	-	35,570	-	-	474,359
Total expenditures		<u>1,354,228</u>	<u>368,061</u>	<u>35,570</u>	<u>-</u>	<u>196,156</u>	<u>1,954,013</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>		<u>163,579</u>	<u>151,612</u>	<u>(930)</u>	<u>2,194</u>	<u>(4,199)</u>	<u>312,256</u>
<b>NET CHANGE IN FUND BALANCES</b>		163,579	151,612	(930)	2,194	(4,199)	312,256
<b>FUND BALANCES- BEGINNING</b>		362,657	746,573	822,635	367,767	20,866	2,320,498
<b>FUND BALANCES- ENDING</b>		<u>\$ 526,236</u>	<u>\$ 898,185</u>	<u>\$ 821,705</u>	<u>\$ 369,961</u>	<u>\$ 16,667</u>	<u>\$ 2,632,754</u>

The notes to the basic financial statements are an integral part of this statement.

**JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION  
RECONCILIATION OF THE GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES  
December 31, 2004**

Total net increase in fund balances- governmental funds	\$ 312,256
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Amounts reported for governmental activities in the Statement of Activities  
are different because:

Capital outlays are reported in governmental funds as expenditure.  
However, in the Statement of Activities, the cost of those assets is  
allocated over their estimated useful lives as depreciation expense.  
This is the amount by which depreciation exceeds capital outlays  
in the period:

Capital outlays	-	
Depreciation expense	<u>\$ (21,581)</u>	(21,581)

Payment of compensated absences is an expenditure in the governmental  
funds, but reduces long-term liabilities in the Statement of Net Assets  
by the excess of compensated absences earned over amounts used.

	<u>(1,182)</u>
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Increase in net assets of governmental activities	<u><u>\$ 289,493</u></u>
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The notes to the basic financial statements are an integral part of this statement.

**JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION**  
**FIDUCIARY FUNDS DESCRIPTION**  
**December 31, 2004**

**FIDUCIARY TYPE FUNDS – AGENCY FUNDS**

Agency Funds account for assets held by an entity as an agent for individuals, private organizations, other governments, and/or other entity's funds.

HUD Revolving Loan Fund

The HUD Revolving Loan Fund accounts for loans made by the Department of Housing and Urban Development, Community Development Block Grant Loan Guarantee Program to borrowers in the community for economic development.

Incentive Fund

The Incentive Fund accounts for loans made by Jefferson Parish through its Incentive Fund to borrowers in the community for economic development.

**JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION**  
**STATEMENT OF FIDUCIARY NET ASSETS**  
**FIDUCIARY FUNDS**  
**December 31, 2004**

	HUD Revolving Loan Agency Fund	Incentive Agency Fund	Total Agency Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ 124,206	\$ 30,543	\$ 154,749
Notes receivable	645,823	127,142	772,965
Due from Jefferson Parish	<u>25,600</u>	<u>25,600</u>	<u>25,600</u>
Total Assets	<u>\$ 770,029</u>	<u>\$ 183,285</u>	<u>\$ 953,314</u>
<b>LIABILITIES</b>			
Accounts Payable	\$ -	\$ 25,600	\$ 25,600
Due to Jefferson Parish		-	
Department of Community Development	770,029	-	770,029
Incentive Fund	<u>-</u>	<u>157,685</u>	<u>157,685</u>
Total liabilities	<u>\$ 770,029</u>	<u>\$ 183,285</u>	<u>\$ 953,314</u>

The notes to the basic financial statements are an integral part of this statement.



**JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION  
METAIRIE, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS**

**1. INTRODUCTION**

The Jefferson Parish Economic Development Commission ("JEDCO") is a special district of Jefferson Parish, Louisiana which was created by House Bill No. 908 of the 1987 Regular Session of the Louisiana Legislature. The name under which it was created is Jefferson Parish Economic Development and Port District, but in accordance with its bylaws, it operates under the name Jefferson Parish Economic Development Commission or JEDCO.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Presentation**

The accompanying financial statements of JEDCO have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

The financial report has been prepared in conformity with GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, issued in June 1999.

**Reporting Entity**

GASB Codification of Governmental Accounting and Financial Reporting Standards established the criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. The basic criteria for including a governmental organization as a part of the reporting entity for a governmental unit is the ability to exercise oversight responsibility over such organization by the unit's elected officials. Oversight responsibility is derived from, among other things, the governmental unit's power to appoint the governing board and the ability to significantly influence operations.

Based on the foregoing criteria, JEDCO was determined to be a component unit of Jefferson Parish, Louisiana, the governing body with oversight responsibility. The accompanying basic financial statements present information only on the funds maintained by JEDCO and do not present information on Jefferson Parish, the general government services provided by Jefferson Parish, or the other governmental units that comprise the governmental reporting entity of Jefferson Parish. There are no component units which have been combined with JEDCO to form the reporting entity, nor are there any potential component units which should be combined with JEDCO to form the reporting entity.

**JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION  
METAIRIE, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Basis of Accounting**

**Government-wide Financial Statements**

The Statement of Net Assets and Statement of Activities display information about the reporting government as a whole. Activities are presented using the economic resources method. The accounting objective of this measurement focus is the determination of operating income, changes in net assets, and financial position. All assets and liabilities (whether current or noncurrent) associated with the government's activities are reported. Fund equity is classified as net assets. Government activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, the Statement of Net Assets and Statement of Activities present revenues, expenses, and fixed asset acquisitions as follows:

Revenue – Revenues are recognized in the accounting period in which they are earned.

Expenses – Expenses are recorded when the liability is incurred or economic assets used.

Fixed Assets – Fixed assets are accounted for as capital assets. All fixed assets are valued at historical cost, except for donated fixed assets which are recorded at their estimated fair value at the date of donation.

Program revenues included in the Statement of Activities are derived directly from outside parties. Program revenues reduce the cost of the function to be financed from JEDCO's general revenues.

JEDCO reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Indirect expenses of other functions are not allocated to those functions but are reported separately in the Statement of Activities. Depreciation expense, which can be specifically identified by function, is included in the direct expenses of each function.

**Fund Financial Statements**

Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of funds present increases, (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

**JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION  
METAIRIE, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Fund Financial Statements**

The modified accrual basis of accounting is used by all governmental funds and the agency funds. Under this method, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period.

Expenditures are recorded when the related fund liability is incurred. Transfers between funds that are not expected to be repaid are accounted for as other financial sources or uses and are recorded when the interfund receivable and payable arises.

JEDCO maintains two categories of funds: governmental and fiduciary. Each category is further divided into separate fund types.

JEDCO's governmental fund type consists of a General Fund which is used to account for all of its operating activities, special revenue funds which are used to account for specific revenues restricted for specific purposes, and capital project funds that are used to account for the acquisition and construction of major capital facilities.

JEDCO's fiduciary fund types consist of agency funds which are used to account for assets that JEDCO holds for another governmental unit.

Those revenues susceptible to accrual are rents, charges for telephone usage, revenues for charges for services, and interest on notes and cash and cash equivalents. Revenue from shared occupational licenses is considered measurable and available when received and are recorded as revenue at that time.

**Budgetary Accounting**

Formal budgetary accounting is employed as a management control device during the year. The level of budgetary control is at the fund/department level and expenditures may not exceed budgeted appropriations. Appropriations which are not expended lapse at year-end. A budget is adopted for the General Fund, the Jefferson Edge Special Revenue Fund, Bayou Segnette Capital Project Fund and the Workforce Investment Board Special Revenue Fund on a basis consistent with generally accepted accounting principles.

Operating transfers are not included for budget purposes. The adopted budget of expenditures operates as an appropriation for that year. Any unexpended balance of the amount appropriated

**JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION  
METAIRIE, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Budgetary Accounting, continued**

reverts to the fund balance and becomes available for future appropriation. Encumbrance accounting is employed in governmental funds. Encumbrances (e.g. purchase orders, contracts) outstanding at year-end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year. A budget was not adopted for the EDA Revolving Loan Special Revenue Fund because its expenditures are limited by the terms of the grant arrangements under which its revenues are received.

**Cash, Cash Equivalents, and Investments**

Cash and cash equivalents include amounts in demand deposits and certificates of deposit with a maturity date within three months of the date acquired by JEDCO. Louisiana State statutes permit JEDCO to invest in direct obligations of the United States Treasury, the principal and interest of which are fully guaranteed by the federal government, bonds, debentures, notes, or other evidence of indebtedness issued or guaranteed by federal agencies or U.S. government instrumentalities, direct security repurchase agreements of any federal book entry only securities, and certificates of deposit of state banks, organized under the State of Louisiana, and national banks having their principal office in the State of Louisiana, or in mutual or trust fund institutions which have underlying investments limited to securities of the U.S. government or its agencies, and the Louisiana Asset Management Pool (LAMP). Investments for JEDCO are reported at fair value. LAMP operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

**Promises to Give**

Promises to give are future donations from businesses that are pledged over the next year for the Jefferson Edge program. Upon receipt, the promise to give will be recognized as revenue.

**Allowance for Estimated Uncollectible Receivables**

An allowance for estimated uncollectible receivables is established when collectibility of a loan or an account becomes doubtful. As of December 31, 2004, management had established no allowance for estimated uncollectible receivables and all accounts were considered collectible.

**Deferred Revenue**

Deferred revenues arise when resources are received by JEDCO before it has a legal claim to them. In subsequent periods, when JEDCO has legal claim to the resources, the liability for deferred revenue is removed from the balance sheet and the revenue is recognized.

**JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION  
METAIRIE, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Capital Assets and Depreciation**

For the government-wide financial statements, capital assets are recorded at cost in the statement of net assets. Donated assets are valued at their estimated fair market value on the date received. JEDCO does not have any infrastructure assets. Depreciation is computed using the straight line method over the following useful lives:

<u>Depreciation</u>	<u>Estimated Lives</u>
Building	40 years
Leasehold improvements	5 – 10 years
Office furniture	5 – 7 years

For fund financial statements, capital acquisitions are reflected as expenditures in the governmental funds at the time purchased.

**Compensated Absences**

In the governmental funds, only that portion which is expected to be liquidated from expendable available financial resources is accrued at year-end. The remainder of the accrued liability which is applicable to governmental fund types is reported in the government-wide financial statements. The amount of accumulated annual leave at December 31, 2004 applicable to governmental fund types was \$41,075, none of which met the condition for accrual in the governmental fund types; hence, the entire amount is reported in the government-wide financial statements. In accordance with GASB Statement No. 16, no liability is recorded for accumulated sick pay benefits because such benefits can be used only for sick leave.

**3. LEGAL COMPLIANCE - BUDGET**

Under state law, JEDCO is required to complete and submit a budget for its General and Special Revenue Funds to the governing authority of Jefferson Parish no later than fifteen days prior to the beginning of the fiscal year to which the budget applies. The total proposed expenditures may not exceed the total of estimated funds available at the fund level. Public participation in the budgetary process prior to adoption of the budget is required if the total proposed expenditures are \$250,000 or more.

**JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION  
METAIRIE, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS**

**3. LEGAL COMPLIANCE – BUDGET (Continued)**

Actual revenues under budgeted revenues are as follows:

	<u>Budget</u>		<u>Actual</u>		<u>Variance</u>
Workforce Investment Board Fund	\$ 225,270	\$	\$ 157,171	\$	\$ 68,099

Actual expenditures under budgeted expenditures are as follows:

	<u>Budget</u>		<u>Actual</u>		<u>Variance</u>
Workforce Investment Board Fund	\$ 225,270	\$	\$ 159,870	\$	\$ 65,400

Louisiana Revised Statute 39:1310 exempts special revenue funds which are expenditure driven from the requirement to adopt amended budgets if projects revenues or expenses deviate more than five percent from the adopted budget. The Workforce Investment Board budget qualifies for this exemption.

**4. USE OF ESTIMATES**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**5. CASH, CASH EQUIVALENTS, AND INVESTMENTS**

At December 31, 2004, the carrying amount of JEDCO's deposits was \$2,024,030 of which \$154,749 is reported in the agency fund and \$1,869,281 is reported in the Statement of Net Assets. Certificates of deposit included in the cash amount were \$472,618. The bank balance of the deposits at December 31, 2004 was \$2,053,958. Of the bank balance, \$300,000 was covered by federal deposit insurance and \$1,753,958 was covered by collateral held by the pledging financial institution's agent in JEDCO's name.

State statutes authorize the government to invest in obligations of the U.S. Treasury, agencies, and instrumentalities; commercial paper rated AAA 1, 2, or 3; repurchase agreements; and the Louisiana Asset Management Pool (LAMP).

LAMP investments are restricted to securities issued guaranteed or backed by the U.S. Treasury, the U.S. government, or one of its agencies, enterprises, instrumentalities, as well as repurchase agreements collateralized by those securities. LAMP may also invest in commercial paper of domestic United States Corporations rated A-1 or A-1+ by Standards & Poors. The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days, and consists of no

**JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION  
METAIRIE, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS**

**5. CASH, CASH EQUIVALENTS, AND INVESTMENTS, (Continued)**

securities with a maturity in excess of 397 days. LAMP is designed to be highly liquid to give its participants immediate access to their funds.

JEDCO's investments are categorized to give an indication of the level of risk assumed by the entity at year-end.

Category 1 includes investments that are insured or registered or for which the securities are held by JEDCO or its agent in the government's name.

Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the government's name.

Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty or by its trust department or agent but not in the government's name.

At year-end the carrying amount of investments is as follows:

	<u>Amount</u>
Investments not subject to categorization:	
Louisiana Asset Management Pool (LAMP)	\$ <u>356,977</u>
Total investments	\$ <u>356,977</u>

**6. INTERFUND TRANSACTIONS**

Interfund transactions consist of interfund receivables/payables and transfers. Interfund receivables/payables at December 31, 2004 are as follows:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund:		
Bayou Segnette	\$ -	\$ 41,213
WIB	11,387	-
EDA	16,000	
Capital Projects Fund:		
Bayou Segnette	41,213	-
Special Revenue Fund:		
WIB	-	11,387
EDA		16,000
	\$ <u>68,600</u>	\$ <u>68,600</u>

There were no transfers for the year ended December 31, 2004.

**JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION  
METAIRIE, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS**

**7. CAPITAL ASSETS**

The following presentation of capital asset balances and current year activity for the fiscal year ended December 31, 2004 was as follows:

	Balance January 1, 2004	Additions	Deletions	Balance December 31, 2004
Office furniture	\$ 265,107	\$ -	\$ -	\$ 265,107
Leasehold improvements	10,142	-	-	10,142
Total at historical cost	275,249	-	-	275,249
Total accumulated depreciation	190,024	21,581	-	211,605
Capital assets, net	\$ 85,225	\$ (21,581)	\$ -	\$ 63,644

Depreciation expense of \$21,581 for the year ended December 31, 2004, was reported as follows:

Governmental Activities:	
Enterprise Center East	\$ 646
Enterprise Center West	2,970
Administrative	17,965
Total	\$ 21,581

**8. PENSION PLAN**

JEDCO's employees are covered by its simplified employee pension (SEP) plan and are subject only to Medicare portion of social security taxes. JEDCO makes a contribution to an IRA account established for each full-time employee. The amount contributed by JEDCO is 6.2% of the employee's total compensation. JEDCO's total contribution under this plan for 2004 was \$51,574 based on a covered payroll of \$831,833. JEDCO's total current year payroll for all employees was \$861,775. JEDCO also participates in a retirement plan in which all full time employees are eligible to participate. The annual contribution by JEDCO is 5% of the employee's annual salary. JEDCO's total contribution under this plan for 2004 was \$41,592 based on covered payroll of \$831,833.



**JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION  
METAIRIE, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS**

**9. OPERATING LEASES**

JEDCO leases the third floor of an office building that it uses for its administrative office and Enterprise Center East operations. The lease is considered an operating lease for accounting purposes. The lease term is ten years expiring in 2005. Lease payments under the lease for the year ended December 31, 2004 were \$128,750.

JEDCO leases a suite on the first floor of an office building that it uses for its Enterprise Center West operations. The lease is considered an operating lease for accounting purposes. The lease term is five years expiring in 2007. Lease payments under the lease for the year ended December 31, 2004 were \$58,650.

JEDCO leases a copy machine that it uses for its Enterprise Center West operations. The lease is considered an operating lease for accounting purposes. The lease term is three years expiring in 2005. Lease payments under the lease for the year ended December 31, 2004 were \$2,592.

Minimum future annual lease payments required are as follows:

<u>Year Ending December 31</u>	<u>Amount</u>
2005	145,996
2006	58,650
2007	34,213
	<u>\$ 238,859</u>

**10. COMPENSATED ABSENCES PAYABLE**

Changes in compensated absences payable for the year ended December 31, 2004 were as follows:

	<u>Balance January 1, 2004</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance December 31, 2004</u>
Compensated absences	\$ 39,894	\$ 52,308	\$ 51,127	\$ 41,075

The entire balance of compensated absences payable is considered to be a long-term liability by JEDCO.

**JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION  
METAIRIE, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS**

**11. CONDUIT DEBT (NOT INCLUDED IN THE FINANCIAL STATEMENTS)**

In 2000, the State of Louisiana authorized JEDCO to issue \$8.5 million in Variable Rate Demand Industrial Development Bonds. The bonds were issued for the purpose of financing the acquisition and installation of equipment of a manufacturing facility on behalf of a local corporation at its manufacturing plant located in Jefferson Parish. JEDCO's obligations under the Series 2000 Bonds are limited. These special obligations are payable solely from lawfully available funds from payments made by the corporation (as defined in the Loan Agreement) and certain funds held by the Trustee pursuant to the Trust Indenture. The bonds do not constitute a debt or pledge of faith and credit of JEDCO and, accordingly, have not been reported in the accompanying financial statements. No other assets are available for payment of the principal or interest on the bonds. The bonds may be called for redemption by the corporation at the option of JEDCO before maturity, in whole or in part, in the inverse order of maturity, on any interest date.

In 2002, the State of Louisiana authorized JEDCO to issue \$6.5 million in Variable Rate Taxable Revenue Bonds. The Bonds were issued for the purpose of financing the expansion of an existing warehouse facility on behalf of a local corporation located in Jefferson Parish. The facilities are to be leased by JEDCO to the corporation pursuant to a Lease Agreement between JEDCO and the corporation. JEDCO's obligations under the Series 2002 Bonds are limited. These special obligations are payable solely from the revenues and other amounts derived from the leasing of the facility by JEDCO to the corporation. The bonds do not constitute debt or pledge of faith and credit of JEDCO and, accordingly, have not been reported in the accompanying financial statements. No other assets are available for payment of the principal or interest on the bonds. The bonds may be called for redemption by the corporation at the option of JEDCO, on any date, before maturity, in whole in part, at a redemption price equal to the principal amount thereof plus accrued interest to the redemption date.

**12. IN-KIND DONATIONS**

For the Jefferson Edge program, JEDCO received in-kind donations. The value of these in-kind donations is immaterial for 2004 and is not included in JEDCO's financial statements.

**13. CONTRIBUTED SERVICES**

The twenty-one members of the Board of Commissioners of JEDCO and members of the Board's various advisory committees serve without compensation. The value of these contributed services is not included in JEDCO's financial statements.

**14. COOPERATIVE ENDEAVOR AGREEMENT**

In 2002, JEDCO entered into a cooperative endeavor agreement with Newton & Associates ("Newton"), a local business, to provide certain economic incentives for the expansion of Netwon's business in Jefferson Parish, Louisiana. JEDCO has leased property from Newton's affiliate, NSB

**JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION  
METAIRIE, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS**

**14. COOPERATIVE ENDEAVOR AGREEMENT (Continued)**

IV, LLC, at a fair market rental rate, and in turn has subleased the same property to Newton at the same fair market rental rate, subject to an annual rental rebate. This lease began on January 1, 2002. Newton is entitled to a rental rebate in the amount of \$4,000 for each new employee hired limited to \$120,000 per year or \$600,000 of the five year term of the lease and sublease. All parties have agreed that the annual base rental, as provided by the lease and sublease, shall be payable monthly, by Newton directly to NSB, in full satisfaction of Newton's obligation to make monthly rental payments to JEDCO under the sublease, and in full satisfaction of JEDCO's obligation to make monthly rental payments to NSB under the Lease.

All funds under this agreement are held by Jefferson Parish ("Parish") in the Parish Economic Incentive Fund. JEDCO will determine if Newton has created and retained the required number of new jobs under the terms of this agreement and the other performance objectives under the agreement. If the performance objectives are met, the Parish will disburse the funds from its Incentive Fund to JEDCO. JEDCO will release funds to Newton upon receipt from the Parish. As of December 31, 2004, no funds have been received from the Parish under this agreement, however \$25,600 has been recorded as a receivable with a corresponding payable to Newton.

**15. NOTES RECEIVABLE**

JEDCO has notes receivable recorded in the EDA Revolving Loan Fund which are made to various businesses under the terms of the capitalization grant received from the Economic Development Administration. These notes total \$428,992 at December 31, 2004. The notes have various maturity dates and interest rates. No allowance has been established for the year ended December 31, 2004.

JEDCO has notes receivable recorded in the HUD Revolving Loan Fund (an agency fund) which are made to various businesses under the terms of the Department of Housing and Urban Development Community Development Block Grant Loan Guarantee Program. These notes totaled \$645,823 at December 31, 2004. The notes have various maturity dates and interest rates. No allowance has been established for the year ended December 31, 2004.

JEDCO has a note receivable recorded in the Incentive Fund (an agency fund) which was made to a business under the terms of Jefferson Parish Incentive Fund. This note totaled \$127,142 at December 31, 2004. The note has a maturity date of September 2010 and an interest rate of 7.75%. No allowance has been established for the year ended December 31, 2004.

**16. PROMISES TO GIVE (JEFFERSON EDGE)**

As of December 31, 2004, promises to give total \$530,200, all of which is due in less than one year. Promises to give are future donations from businesses for the Jefferson Edge program; therefore, JEDCO will recognize the promises to give as revenue when received. Deferred revenue in the amount of \$530,200 has been recorded as of December 31, 2004.

**JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION  
METAIRIE, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS**

**17. CHANGES IN ASSETS AND LIABILITIES OF AGENCY FUNDS**

The following summarizes the changes in the assets and liabilities of the agency funds during 2004.

<b>HUD Revolving Loan Fund</b>				
	Balance January 1, 2004	Additions	Deletions	Balance December 31, 2004
<b>Assets:</b>				
Cash and cash equivalents	24,538	195,418	95,750	124,206
Notes receivable	702,678	95,750	152,605	645,823
Total assets	<u>727,216</u>	<u>291,168</u>	<u>248,355</u>	<u>770,029</u>
<b>Liabilities</b>				
Due to Jefferson Parish				
Department of Community				
Development:				
Drawdowns	513,566	18,750	-	532,316
Net income	213,650	24,063	-	237,713
Total liabilities	<u>727,216</u>	<u>42,813</u>	<u>-</u>	<u>770,029</u>

<b>Incentive Fund</b>				
	Balance January 1, 2004	Additions	Deletions	Balance December 31, 2004
<b>Assets:</b>				
Cash and cash equivalents	6,680	30,543	6,680	30,543
Notes receivable	146,477		19,335	127,142
Due from Jefferson Parish		25,600		25,600
Total assets	<u>153,157</u>	<u>56,143</u>	<u>26,015</u>	<u>183,285</u>
<b>Liabilities</b>				
Accounts payable		25,600		25,600
Due to Jefferson Parish				
Department of Community				
Development:				
Drawdowns	150,000	-	-	150,000
Net income	3,157	11,208	-	14,365
Repayments	-	-	6,680	(6,680)
Total liabilities	<u>153,157</u>	<u>36,808</u>	<u>6,680</u>	<u>183,285</u>

The HUD Revolving Loan Fund accounts for loans made by the Department of Housing and Urban Development Community Development Block Grant Loan Guarantee Program to borrowers in the

**JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION  
METAIRIE, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS**

**17. CHANGES IN ASSETS AND LIABILITIES OF AGENCY FUNDS (Continued)**

community for economic development. The funds are held for the Jefferson Parish Department of Community Development.

The Incentive Fund accounts for loans made by Jefferson Parish through its Incentive Fund to borrowers in the community for economic development. The funds are held for the Jefferson Parish Incentive Fund.

**18. ESCROW DEPOSITS**

JEDCO assists local businesses in obtaining loans from the Small Business Administration. JEDCO collects an application fee at the beginning of the loan process. These application fees are held in an account until the loan process is completed. All application fees are returned to the applicant even if the loan is not obtained. Escrow deposits totaled \$10,000 at December 31, 2004.

**19. JEDCO DEVELOPMENT CORPORATION**

On August 22, 1990, JEDCO formed a non-profit corporation called the JEDCO Development Corporation to operate as a Certified Development Corporation (the "Corporation") pursuant to Section 504 of Title V of the Small Business Investment Act of 1958, as amended. The Corporation is to be governed by all requirements of Section 504. The Corporation was formed under the non-profit corporation statutes of the State of Louisiana. The Corporation assists in the growth and development of small business concerns in the Jefferson Parish area pursuant to Section 504 of the Development Company Program of the Small Business Investment Act of 1958, as amended, and its regulations. The Corporation has no assets or liabilities and had no activity for the year ended December 31, 2004.

**20. RESTATEMENT OF PRIOR YEAR FUND BALANCE**

The 2003 fund balance of the EDA Revolving Loan Fund has been decreased by \$24,914, due to a restatement of the fund balance. The restatement was required to eliminate a receivable recorded at December 31, 2003 in error.

EDA Fund Balance, December 31, 2003	\$847,549
Due from other governments	<u>(24,914)</u>
EDA Fund Balance, December 31, 2003	<u>\$822,635</u>

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**REQUIRED SUPPLEMENTARY INFORMATION**

**PART II**

**JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION  
GENERAL FUND AND MAJOR FUND DESCRIPTIONS**

**DECEMBER 31, 2004**

**GENERAL FUND**

The general fund accounts for resources traditionally associated with JEDCO which are not required legally or by sound financial management to be accounted for in another fund.

**SPECIAL REVENUE FUNDS**

Special revenue funds account for the proceeds of specific revenue sources (other than expendable trusts, or for major capital projects) that are legally restricted to expenditures for specific purposes.

Jefferson Edge Fund

The Jefferson Edge Fund was created for the purpose of implementing the Jefferson Edge program which is a five year economic development strategic plan for Jefferson Parish. Funding for the implementation comes from the State of Louisiana, Jefferson Parish and the private sector through annual or multi-year commitments.

EDA Revolving Loan Fund

The EDA Revolving Loan Fund accounts for the grants received from the Economic Development Agency.

**CAPITAL PROJECT FUND**

Capital project funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.

JEDCO West Proceeds Fund

The JEDCO West Proceeds Fund was created to account for the proceeds from the sale of the JEDCO West building that was sold in 2002.

**JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION**  
**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**For the Year Ended December 31, 2004**

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>PROGRAM REVENUES</b>				
Intergovernmental:				
Share of Jefferson Parish occupational licenses	\$ 1,292,278	\$ 1,294,718	\$ 1,294,817	\$ 99
Charges for services:				
Loan processing and servicing	125,000	127,300	139,391	12,091
Rents:				
Enterprise Center East	60,000	60,000	30,308	(29,692)
Enterprise Center West	42,000	42,000	21,258	(20,742)
Telephone:				
Enterprise Center East	13,400	13,400	7,695	(5,705)
Enterprise Center West	12,600	12,600	10,376	(2,224)
Interest, Miscellaneous	9,200	5,000	13,960	8,960
Incentive fees	5,000	80,000	-	(80,000)
Total revenues	<u>1,559,478</u>	<u>1,635,018</u>	<u>1,517,805</u>	<u>(117,213)</u>
<b>PROGRAM EXPENDITURES</b>				
Current:				
Enterprise Center East	150,400	150,400	119,052	31,348
Enterprise Center West	164,900	164,900	127,799	37,101
Financing the Future	242,800	242,800	238,389	4,411
Port/Transportation	59,000	59,000	53,054	5,946
Economic Development Services	323,500	398,500	232,041	166,459
Marketing	146,600	146,600	145,102	1,498
Administrative	496,300	505,300	438,789	66,511
Total expenditures	<u>1,583,500</u>	<u>1,667,500</u>	<u>1,354,226</u>	<u>313,274</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<u>(24,022)</u>	<u>(32,482)</u>	<u>163,579</u>	<u>196,061</u>
<b>FUND BALANCES - BEGINNING</b>	<u>486,214</u>	<u>271,108</u>	<u>362,657</u>	<u>91,549</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 462,192</u>	<u>\$ 238,626</u>	<u>\$ 526,236</u>	<u>\$ 287,610</u>

The notes to the basic financial statements are an integral part of this statement.



**JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION**  
**JEFFERSON EDGE**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**For the Year Ended December 31, 2004**

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts,</u> <u>Budgetary</u> <u>Basis</u>	<u>Variance with</u> <u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>PROGRAM REVENUES</b>				
Intergovernmental:				
Share of Jefferson Parish				
occupational licenses	\$ 80,000	\$ 80,000	\$ 80,000	\$ -
State funds	100,000	99,250	99,250	-
Interest	2,500	2,500	1,723	(777)
Restricted donations	340,000	340,000	338,700	(1,300)
Carry Over Funds	318,912	-	-	-
Total revenues	<u>841,412</u>	<u>521,750</u>	<u>519,673</u>	<u>(2,077)</u>
<b>PROGRAM EXPENDITURES</b>				
Current:				
Edge Update	-	40,000	24,850	15,150
Marketing	325,000	355,000	188,932	166,068
Technology Development	450,000	330,000	108,033	221,967
Administrative	65,000	115,000	46,246	68,754
Total expenditures	<u>840,000</u>	<u>840,000</u>	<u>368,061</u>	<u>471,939</u>
<b>EXCESS OF REVENUES OVER</b>				
<b>EXPENDITURES</b>	1,412	(318,250)	151,612	469,862
<b>FUND BALANCES - BEGINNING</b>	<u>318,912</u>	<u>722,208</u>	<u>746,573</u>	<u>24,365</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 320,324</u>	<u>\$ 403,958</u>	<u>\$ 898,185</u>	<u>\$ 494,227</u>

The notes to the basic financial statements are an integral part of this statement.

**JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION**  
**EDA REVOLVING LOAN FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**For the Year Ended December 31, 2004**

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>PROGRAM REVENUES</b>				
Charges for services	\$ -	\$ -	\$ 1,500	\$ 1,500
Interest	-	-	33,140	33,140
Total revenues	-	-	34,640	34,640
<b>PROGRAM EXPENDITURES</b>				
Current:				
Administrative	-	-	35,570	(35,570)
Total expenditures	-	-	35,570	(35,570)
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	-	-	(930)	(930)
<b>FUND BALANCES - BEGINNING</b>			822,635	822,635
<b>FUND BALANCES - ENDING</b>	\$ -	\$ -	\$ 821,705	\$ 821,705

The notes to the basic financial statements are an integral part of this statement.

## **OTHER SUPPLEMENTAL INFORMATION**

**JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION  
NONMAJOR GOVERNMENTAL FUND DESCRIPTIONS**

**DECEMBER 31, 2004**

**SPECIAL REVENUE FUNDS**

Special revenue funds account for the proceeds of specific revenue sources (other than expendable trusts, or for major capital projects) that are legally restricted to expenditures for specific purposes.

Workforce Investment Board

The Workforce Investment Board Fund was created in November 2001 to account for the revenues and expenditures of the Workforce Investment Act (WIA) project. JEDCO was contracted by Jefferson Parish to more fully implement Title I of the WIA and specifically to work directly with employers to solicit and develop on-the-job and customized training for Jefferson Parish.

**CAPITAL PROJECTS FUND**

Capital projects funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.

Bayou Segnette Fund

The Bayou Segnette Fund was created to account for the revenues and expenditures of the Bayou Segnette project. The purpose of the project is to provide fueling services to area recreational and commercial boaters.

**JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION  
COMBINING BALANCE SHEET**

**NONMAJOR GOVERNMENTAL FUNDS**

**DECEMBER 31, 2004**

	<u>Special Revenue</u> <u>Workforce</u> <u>Investment</u> <u>Board Fund</u>	<u>Capital Projects</u> <u>Bayou</u> <u>Segnette</u> <u>Fund</u>	<u>Total</u> <u>Nonmajor</u> <u>Governmental</u> <u>Funds</u>
<b>ASSETS</b>			
Due from other funds	\$ -	\$ 41,213	\$ 41,213
Due from other governments	8,761	-	8,761
<b>Total assets</b>	<b>\$ 8,761</b>	<b>\$ 41,213</b>	<b>\$ 49,974</b>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts Payable	\$ 73	\$ 21,847	\$ 21,920
Due to other funds	11,387	-	11,387
<b>Total Liabilities</b>	<b>11,460</b>	<b>21,847</b>	<b>33,307</b>
Fund Balances:			
Unreserved, Undesignated	(2,699)	19,366	16,667
<b>Total Fund Balances</b>	<b>(2,699)</b>	<b>19,366</b>	<b>16,667</b>
<b>TOTAL LIABILITIES</b>			
<b>AND FUND BALANCES \$</b>	<b>8,761</b>	<b>\$ 41,213</b>	<b>\$ 49,974</b>

The notes to the basic financial statements are an integral part of this statement.

**JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND  
BALANCE**

**NONMAJOR GOVERNMENTAL FUNDS**

**DECEMBER 31, 2004**

	<u>Special Revenue</u> Workforce Investment Board Fund	<u>Capital Projects</u> Bayou Segnette Fund	Total Nonmajor Governmental Funds
<b>REVENUES</b>			
Charges for services	\$ 157,171	\$ -	\$ 157,171
Intergovernmental:			
Parish funds	-	21,847	21,847
State funds	-	12,939	12,939
Total revenues	<u>157,171</u>	<u>34,786</u>	<u>191,957</u>
<b>EXPENDITURES</b>			
Current:			
Workforce Investment Board	159,870	-	159,870
Bayou Segnette project	-	36,286	36,286
Total expenditures	<u>159,870</u>	<u>36,286</u>	<u>196,156</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(2,699)</u>	<u>(1,500)</u>	<u>(4,199)</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>(2,699)</u>	<u>(1,500)</u>	<u>(4,199)</u>
<b>FUND BALANCES – BEGINNING</b>	<u>-</u>	<u>20,866</u>	<u>20,866</u>
<b>FUND BALANCES – ENDING</b>	<u>(2,699)</u>	<u>19,366</u>	<u>16,667</u>

The notes to the basic financial statements are an integral part of this statement.

**JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION**  
**WORKFORCE INVESTMENT BOARD SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**For the Year Ended December 31, 2004**

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>PROGRAM REVENUES</b>				
Charges for services	\$ 55,000	\$ 225,270	\$ 157,171	\$ (68,099)
Total revenues	55,000	225,270	157,171	(68,099)
<b>PROGRAM EXPENDITURES</b>				
Current:				
Staff salaries	45,100	70,060	53,545	16,515
Health benefits & taxes	9,300	11,210	8,455	2,755
Travel/mileage	600	1,500	571	929
Training expenses	-	1,500	516	984
Marketing Campaign	-	-	638	(638)
Mrkt. Campaign for Employee	-	60,000	20,371	39,629
Mrkt. Campaign for Job Seekers	-	80,000	75,164	4,836
Miscellaneous	-	1,000	610	390
Total expenditures	55,000	225,270	159,870	65,400
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	-	-	(2,699)	(2,699)
<b>FUND BALANCES - BEGINNING</b>	-	-	-	-
<b>FUND BALANCES - ENDING</b>	\$ -	\$ -	\$ (2,699)	\$ (2,699)

**JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION**  
**BAYOU SEGNETTE CAPITAL PROJECT FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**For the Year Ended December 31, 2004**

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>PROGRAM REVENUES</b>				
State funds	\$ 1,000,000	\$ 1,000,000	\$ 12,939	\$ (987,061)
Other Parish funds	22,000	22,000	21,847	(153)
Total revenues	1,022,000	1,022,000	34,786	(987,214)
<b>PROGRAM EXPENDITURES</b>				
Current:				
A/E Services	100,000	100,000	36,286	63,714
Construction	900,000	900,000	-	900,000
Miscellaneous	22,000	22,000	-	22,000
Total expenditures	1,022,000	1,022,000	36,286	985,714
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	-	-	(1,500)	(1,500)
<b>FUND BALANCES - BEGINNING</b>	-	-	20,866	20,866
<b>FUND BALANCES - ENDING</b>	\$ -	\$ -	\$ 19,366	\$ 19,366



**SINGLE AUDIT SECTION**



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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

Board of Commissioners  
Jefferson Parish Economic Development Commission  
Jefferson Parish, Louisiana

We have audited the financial statements of Jefferson Parish Economic Development Commission (JEDCO), a component unit of Jefferson Parish, Louisiana, as of and for the year ended December 31, 2004, and have issued our report thereon dated March 16, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered JEDCO's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to management of JEDCO in a separate letter dated March 16, 2005.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether JEDCO's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Board, JEDCO's management and federal awarding agencies and pass-through entities, such as the State of Louisiana and Legislative Auditor's Office and is not intended to be and should not be used by anyone other than these specified parties. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Postlethwaite & Nettleville*

Metairie, Louisiana  
March 16, 2005



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**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM, ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

Board of Commissioners  
Jefferson Parish Economic Development Commission  
Jefferson Parish, Louisiana

Compliance

We have audited the compliance of Jefferson Parish Economic Development Commission (JEDCO), a component unit of Jefferson Parish, Louisiana, with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2004. JEDCO's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of JEDCO's management. Our responsibility is to express an opinion on JEDCO's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about JEDCO's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on JEDCO's compliance with those requirements.

In our opinion, JEDCO complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2004. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item 2004-1.

### Internal Control Over Compliance

The management of JEDCO is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered JEDCO's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

### Schedule of Expenditures of Federal Awards

We have audited the financial statements of JEDCO as of and for the year ended December 31, 2004, and have issued our report thereon dated March 16, 2005. Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

This report is intended solely for the information and use of the Board, JEDCO's management and federal awarding agencies and pass-through entities, such as the State of Louisiana and Legislative Auditor's Office and is not intended to be and should not be used by anyone other than these specified parties. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Robert H. Metairie*

Metairie, Louisiana  
March 16, 2005

**Appendix B**

**JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended December 31, 2004**

<b>Federal Grantor/Pass Through Or Grantor/Program Title</b>	<b>Federal CFDA Number</b>	<b>Grant Number</b>	<b>Federal Expenditures</b>
Department of Housing and Urban Development- Community Development Block Grant Loan Fund *	14.248	BOO-UC-22-0001	\$ 770,043
Special Economic Development and Domestic Assistance Programs Long Term Economic Deterioration(LTED) Revolving Loan Fund *	11.307	08-39-02686	873,274
			\$ 1,643,317

\* Major Program

The accompanying Notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

**JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended December 31, 2004**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards has been prepared on the accrual basis of accounting. Grant revenues are recorded for financial reporting purposes when JEDCO has met the qualifications for the respective grants.

**NOTE B – DESCRIPTION OF GRANTS**

**Department of Housing and Urban Development (HUD) – Community Development Block Grant Loan Fund**

HUD provides JEDCO with funds for loan pools which finance business development activities consistent with local economic development strategies. Loan repayments, interest and other related income create a revolving source of capital to stimulate economic activity and provide financing to businesses when private credit is unavailable.

**Special Economic Development and Domestic Assistance Programs Long Term Economic Deterioration (LTED)**

The Economic Development Administration provides JEDCO with funds for loan pools which finance business development activities consistent with local economic development strategies. Loan repayments, interest and other related income create a revolving source of capital to stimulate economic activity and provide financing to businesses when private credit is unavailable.

**NOTE C – OUTSTANDING LOANS**

The value of loans outstanding are as follows at December 31, 2004:

EDA Revolving Loan Fund		\$ 428,992
HUD Revolving Loan Fund		645,823
		\$ 1,074,815

**JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Year Ended December 31, 2004**

(1) Summary of Auditors' Results

- (a) The type of report issued on the basic financial statements: unqualified opinion
- (b) Reportable conditions in internal control were disclosed by the audit of the financial statements: none reported; Material weaknesses: no
- (c) Noncompliance which is material to the financial statements: no
- (d) Reportable conditions in internal control over major programs: no; Material weaknesses: no
- (e) The type of report issued on compliance for major programs: unqualified opinion
- (f) Any audit findings which are required to be reported under Section 510(a) of OMB Circular A-133: yes
- (g) Major programs:

Department of Housing and Urban Development- Community Development Block Grant Loan Fund	14.248
Special Economic Development and Domestic Assistance Programs Long Term Economic Deterioration(LTED) Revolving Loan Fund	11.307

- (h) Dollar threshold used to distinguish between Type A and Type B programs: \$300,000
  - (i) Auditee qualified as a low-risk auditee under Section 530 of OMB Circular A-133: yes
- (2) Findings Relating to the Financial Statements Reported in accordance with *Government Auditing Standards*:  
None



**JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS, continued**  
**For the Year Ended December 31, 2004**

- (3) Findings and Questioned Costs relating to Federal Awards: Listed as follows.

**INSTANCE OF NONCOMPLIANCE**

**2004-1 LENDING OF FUNDS**

Federal program and specific Federal award identification:

11.307 - Special Economic Development and Domestic Assistance Programs Long Term Economic Deterioration(LTED) Revolving Loan Fund

*Condition:* JEDCO did not loan funds at the required rate.

*Criteria:* As required by Section III. Additional Terms, Part G, of the Special Terms and Conditions of the grant agreement with the Economic Development Administration, after completing the initial round of loans resulting in the disbursement of all the initial revolving loan fund capital, JEDCO is required to relend loan repayments at an adequate rate to avoid retaining a balance of more than 25 percent of the revolving loan fund's capitalization for more than six months.

*Effect:* JEDCO did not comply with this requirement of the grant agreement.

*Cause:* Increased competition from commercial financial institutions due to low interest rates during 2004 and stringent eligibility requirements made it difficult to relend loan repayments at an adequate rate to satisfy this requirement of the grant agreement.

*Recommendation:* JEDCO should relend any excess funds and periodically monitor the total value of loans outstanding to ensure compliance with this requirement.

*JEDCO Response:* The EDA Revolving Loan Fund outstanding loan balance during the year ended 2004 was less than the average threshold percentage established by EDA due to paydowns totaling \$263,000 during the year. As of 3/31/05, a \$135,000 loan has been funded and there is an approved commitment of \$150,000 which should fund within the second quarter of 2005.



**Postlethwaite & Netterville**

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March 16, 2005

Board of Commissioners  
Jefferson Parish Economic Development Commission  
Metairie, Louisiana

Dear Commissioners of the Board:

We have audited the financial statements of Jefferson Parish Economic Development Commission (JEDCO) for the year ended December 31, 2004, and have issued our report thereon dated March 16, 2005, which was unqualified. In planning and performing our audit of the financial statements of JEDCO, we considered JEDCO's internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on internal control. We have not considered internal control since the date of our report.

During our audit we noted matters involving internal control and compliance that have been presented in the Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed In Accordance with *Government Auditing Standards* as well as other comments included in Attachment A.

Our audit procedures are designed primarily to enable us to form an opinion on the financial statements and, therefore, may not bring to light all weaknesses in policies or procedures that may exist. We aim, however, to use our knowledge of JEDCO's organization gained during our work to make comments and suggestions that we hope will be useful to you. The status of prior year comments not resolved as of the prior year is included in Appendix B. Certain of these comments are in process.

We would be pleased to discuss these comments and recommendations with you at any time.

This report is intended for the information of the Board of Commissioners, management and the State of Louisiana Legislative Auditor's Office, and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in cursive script that reads 'Postlethwaite &amp; Netterville'.

**Current Year Comments**

**There are no current year comments.**

**Status of Prior Year Comments Not Resolved as of the Prior Year**  
(Note these comments reflect amounts and status for the respective fiscal year as noted)

**2003.1 Closing of Prior Year Revenues and Expenses**

Observation:

Revenues and expenses for the year ended December 31, 2002 were not closed to fund balance for several funds. As a result, revenues and expenses in those funds were substantially overstated.

Recommendation:

Procedures should be implemented to ensure that prior year revenues and expenses are closed to fund balance at the beginning of the subsequent year.

Management's Corrective Action Plan:

Management has implemented procedures that will ensure that all revenues and expenses are closed to fund balance. The contact person responsible for the corrective action is the Controller, Cynthia Grows, who may be reached at (504) 833-1881.

Status:

Recommendation has been adopted by JEDCO.

**2003.2 Beginning Fund Balances**

Observation:

Beginning fund balances for the year ended December 31, 2003 did not agree to the audited fund balance for December 31, 2002. Audit adjustments were posted incorrectly for the year ended December 31, 2002 resulting in incorrect beginning fund balances.

Recommendation:

Audit adjustments should be recorded in the period being audited and not recorded in the subsequent year. Proper dating of the audit adjustments will ensure that the beginning fund balances are correct.

Management's Corrective Action Plan:

Management has implemented procedures to post audit adjustments in the correct period and to verify that beginning fund balances agree to the audited fund balances. The contact person responsible for the corrective action is the Controller, Cynthia Grows, who may be reached at (504) 833-1881.

Status:

Recommendation has been adopted by JEDCO.

**Status of Prior Year Comments Not Resolved as of the Prior Year**  
(Note these comments reflect amounts and status for the respective fiscal year as noted)

**2003.3 Maintenance of Separate Funds**

Observation:

JEDCO does not maintain separate funds for the Workforce Investment Board Special Revenue Fund, Jefferson Edge Special Revenue Fund, JEDCO West Proceeds Capital Project Fund, and the Bayou Segnette Capital Project Fund. Separate bank accounts are maintained for the Workforce Investment Board Special Revenue Fund, Jefferson Edge Special Revenue Fund, and the JEDCO West Proceeds Fund. However, the accounting for these funds is commingled in the General Fund.

Recommendation:

JEDCO should maintain separate funds for all special revenue and capital project funds and should not include these funds in the General Fund.

Management's Corrective Action Plan:

As of January 1, 2004, management has created separate funds for all special revenue and capital project funds except for Bayou Segnette Capital Project Fund. The contact person responsible for the corrective action is the Controller, Cynthia Grows, who may be reached at (504) 833-1881.

Status:

Recommendation is in progress by JEDCO. As of January 1, 2005, Bayou Segnette Capital Project Fund will be accounted for as a separate fund.

**2003.4 Bank Statements and Reconciliations**

Observation:

Bank statements and reconciliations are not reviewed by the Executive Director or someone other than accounting employees.

Recommendation:

The Executive Director or someone other than accounting employees should review bank statements and bank reconciliations. Review and approval should be noted on the bank statements and reconciliations.

Management's Corrective Action Plan:

The Executive Director or someone other than accounting employees will review bank statements and bank reconciliations. Review and approval will be noted on the bank statements and reconciliations. The contact person responsible for the corrective action is the Controller, Cynthia Grows, who may be reached at (504) 833-1881.

Status:

Recommendation has been adopted by JEDCO.

**Status of Prior Year Comments Not Resolved as of the Prior Year**  
(Note these comments reflect amounts and status for the respective fiscal year as noted)

**2003.5 Promises to Give**

Observation:

A complete and accurate schedule of promises to give was not maintained during the year and the activity for the promises to give was not recorded other than the receipt of payments.

Recommendation:

A complete and accurate schedule of promises to give should be maintained during the year and the activity should be recorded in the general ledger. Also, promises to give should be evaluated during the year to determine if collectible. This review should be performed by the Executive Director.

Management's Corrective Action Plan:

In the future, a complete and accurate schedule of promises to give will be maintained and the activity will be recorded in a timely manner. The Executive Director will evaluate promises to give on a regular basis to determine the collectibility of recorded promises to give. The contact person responsible for the corrective action is the Controller, Cynthia Grows, who may be reached at (504) 833-1881.

Status:

Recommendation is in progress by JEDCO.

**2003.6 In-Kind Contributions**

Observation:

In-kind contributions are not being recorded during the year.

Recommendation:

In-kind contributions should be recorded during the year.

Management's Corrective Action Plan:

JEDCO will record in-kind contributions during the year as they are received. The contact person responsible for the corrective action is the Controller, Cynthia Grows, who may be reached at (504) 833-1881.

Status:

Recommendation is in progress by JEDCO.

**Status of Prior Year Comments Not Resolved as of the Prior Year**  
**(Note these comments reflect amounts and status for the respective fiscal year as noted)**

**2003.7 Accrual Basis**

Observation:

JEDCO does not maintain its books on the modified accrual basis of accounting. The books are maintained on the cash basis during the year and converted to modified accrual basis at the year-end.

Recommendation:

JEDCO should maintain its books on the modified accrual basis of accounting during the year.

Management's Corrective Action Plan:

Beginning January 1, 2004, JEDCO will maintain its books on the modified accrual basis on a monthly basis. The contact person responsible for the corrective action is the Controller, Cynthia Grows, who may be reached at (504) 833-1881.

Status:

Recommendation has been adopted by JEDCO.

**2003.8 Fraud Policy**

Observation:

JEDCO's Employee Manual does not include a fraud policy.

Recommendation:

Although a fraud policy is not required, JEDCO should consider implementing a fraud policy.

Managements Corrective Action Plan:

JEDCO will implement a fraud policy for the year ending December 31, 2004. The contact person responsible for the corrective action is the Controller, Cynthia Grows, who may be reached at (504) 833-1881.

Status:

Recommendation has been adopted by JEDCO.